

FEDERAL CIRCUIT SUMMARY FOR WEEK ENDING APRIL 17, 2020**In Re Gopalan, No. 2019-2070 (April 13, 2020) (nonprecedential); Patent Application Serial No. 13/926,096****Key point(s):**

- Claims focused on using mathematical algorithms to analyze information are directed to an abstract idea because the invention is a process of gathering and analyzing information and displaying results, not a particular inventive technology for performing those functions.

Facts/Background: The '096 Application is generally directed to methods and systems for designing measurement strategies. The '096 Application's claims purport to provide a method for designing a measurement strategy that starts with a data set, applies an undefined optimization technique "resulting" in an optimal combination of true positives and false positives, and outputs the optimal number of measurements. The examiner rejected all pending claims under § 101 as being directed to the abstract ideas of collecting and organizing data and the mathematical concept of optimization. Proceeding to step two of *Alice*, the examiner found that the claim elements did not provide any "inventive concept" that transforms the abstract idea into patent-eligible subject matter; rather, "the claims require no more than the performance of generic functions that were well-understood, routine, and conventional." The Board affirmed the § 101 rejection in an initial decision on appeal and a subsequent rehearing. The Board agreed with the examiner that the claims at issue were "directed to the abstract idea of using algorithms or mathematical relationships to devise a measurement strategy for spectrally based measurements." Gopalan appealed.

Holding: Affirmed. Gopalan argued that the claimed invention resulted in optimizing "the number of true positives and false positives . . . such as to avoid or reduce the effect of stray signals" in spectrally based measurements, which Gopalan claimed was a "novel and useful result obtained with the help of optimization." In rejecting Gopalan's argument, the Federal Circuit noted that the claims only generically recite "a metric," "an optimization technique," an "optimization parameter," "a value of a number of independent measures," "a value of a number of independent measures," and "a value for a confidence measure." The Federal Circuit stated that none of the variables were defined and the claims did not concretely limit the variables. The Federal Circuit held that the claims do not "embody a concrete solution to a problem" because they lack "the specificity required to transform a claim from one claiming only a result to one claiming a way of achieving it." Turning to the inventive concept prong of *Alice*, the Federal Circuit agreed with the Board that the additional elements of the independent claim "both individually and as an ordered combination, do not integrate . . . abstract concepts into a practical application." In addition, the Federal Circuit opined that the Board also correctly reasoned that performing the steps of the optimization technique "on a generic processor does not transform it into a patentable apparatus."

O.F. Mossberg & Sons, Inc. v. Timney Triggers, LLC, No. 2019-1134 (April 13, 2020) (precedential) (3-0); Patent No. 7,293,385

Key point(s):

- A defendant cannot recover an attorney fee award under 35 U.S.C. § 285 where the plaintiff voluntarily dismissed its patent infringement case under Rule 41(a)(1)(A)(i).

Facts/Background: Mossberg purchased the patent-in-suit, U.S. Patent No. 7,293,385 (the ‘385 patent), which is directed to a gun trigger mechanism, in September 2011. After engaging in failed licensing negotiations with Timney, Mossberg sued Timney for patent infringement. Instead of answering the complaint, Timney filed for *inter partes* reexamination of the ‘385 patent and successfully moved for a stay of the district court proceedings pending the outcome of the *inter partes* reexamination. The Patent Office instituted the *inter partes* reexamination and subsequently rejected the claims. Mossberg cancelled the rejected claims and added new claims. However, before the *inter partes* reexamination proceeded further, the Patent Office vacated its institution decision because Timney had not identified the real party in interest in its petition. Mossberg failed to convince the district court to lift the stay. Timney then filed three *ex parte* reexamination requests and in the third *ex parte* reexamination, the examiner rejected all pending claims over the cited prior art. The Board affirmed the invalidity of all pending claims of the ‘385 patent. The district court also rejected several further motions by Mossberg to lift the stay. Mossberg then filed a notice of voluntary dismissal under Rule 41(a)(1)(A)(i), which provided voluntary dismissal by the plaintiff without a court order. The district court entered a docket text order stating that the case was dismissed without prejudice under Rule 41. Following dismissal, Timney filed a motion to declare the case exceptional so that it could pursue attorney’s fees under 35 U.S.C. § 285, which provides reasonable attorney fees to the prevailing plaintiff in exceptional cases. The district court denied the motion, reasoning that Timney was not a “prevailing party” because a “Rule 41 dismissal without prejudice is not a decision on the merits and thus cannot be a judicial declaration altering the legal relationship between the parties.” Timney appealed.

Holding: Affirmed. Timney argued that by staying the district court proceedings for five years pending the post-grant proceedings at the Patent Office, the district court rendered a final decision necessary to qualify Timney as a “prevailing party.” In rejecting this argument, the Federal Circuit held that while a non-merit based decision can be the basis for declaring a prevailing party, there must be a final court decision. The Federal Circuit explained that there was no such final decision here, as a properly filed Rule 41 voluntary dismissal becomes effective immediately upon plaintiff’s filing of the notice of dismissal “without a court order.” Further, the Federal Circuit stated that although the district court entered a dismissal order after Timney filed its notice of voluntary dismissal, the dismissal order had no legal effect. Further, the Federal Circuit determined that the stay did not change the legal relationship of the parties “because it remained in place while the parties determined the patent’s validity” at the Patent Office. Instead, the voluntary dismissal under Rule 41 changed the relationship of the parties, which was done without a court order as per Rule 41 and with no court order, Timney could not be declared a “prevailing party.”

Stratus Networks, Inc. v. UBTA-UBET Communications, Inc., No. 2019-1251 (April 14, 2020) (precedential) (3-0); TTAB No. 91214143

Key point(s):

- The absence of explicit findings on particular *DuPont* factors used by the Board to assess whether there is a likelihood of confusion does not give rise to reversible error where the record demonstrates that the Board has considered the factor and corresponding arguments and evidence.

Facts/Background: Stratus, a facilities-based telecommunications provider, filed a trademark application for the STRATUS NETWORKS design mark (the “STRATUS” design mark). UBTA, which is also a telecommunications provider, owns the STRATA NETWORKS design mark (the “STRATA” design mark) and the STRATA word mark. UBTA filed an opposition to the STRATUS design mark based on likelihood of confusion. In assessing likelihood of confusion, the Board considered the *DuPont* factors and concluded that six of the thirteen *DuPont* factors were relevant to UBTA’s opposition. The Board found that *DuPont* factors including the “similarity of the parties’ marks,” “similarity of the parties’ services,” and “similarity of trade channels” all weighed heavily in favor of finding a likelihood of confusion. The Board concluded that “consumer sophistication” was neutral or weighed slightly against finding a likelihood of confusion. The Board further concluded that the “length of time during and conditions under which there has been concurrent use without evidence of actual confusion” was neutral. Based on these factors, the Board found a likelihood of confusion and refused registration of the STRATUS design mark.

Holding: Affirmed. Stratus challenged a number of the Board’s factual findings on the *DuPont* factors. Stratus argued that the record evidence supported a different conclusion than reached by the Board. The Federal Circuit stated that even if Stratus were correct that different conclusions may reasonably be drawn from the evidence in record, the Board’s decision must be sustained as supported by substantial evidence. The Board’s decision was supported by, for example, dictionary definitions of the relevant terms and unrebutted expert testimony. Stratus also argued that the Board committed legal error when considering the *DuPont* factors related to consumer sophistication and actual confusion. Stratus argued that the Board committed legal error when considering the consumer sophistication factor because the “Board made no express finding as to this factor and instead simply quoted case law that even sophisticated consumers are not immune from confusion.” The Federal Circuit held that while it is “preferable for the Board to make explicit findings” about each relevant factor, the “absence of explicit findings on a given factor does not give rise to reversible error where the record demonstrates that the Board considered that factor and the corresponding arguments and evidence.” Finally, Stratus argued that the Board erred in its decision on actual confusion because the parties’ marks have “coexisted for over six years with not one example of actual confusion.” The Federal Circuit disagreed, noting that the record showed that “although the parties offer similar services in similar trade channels, the parties’ services did not geographically overlap.” As a result, the Federal Circuit affirmed the Board’s refusal to register the STRATUS design mark based on likelihood of confusion.

ATTOR **Ericsson Inc. v. TCL Communication Technology, No. 2018-2003 (April 14, 2020) (precedential) (2-1); Patent No. 7,149,510**

Key point(s):

- The issue of patent eligibility under § 101 may be preserved for appeal even if not raised for decision or mentioned in the district court’s final judgment if there is an “effective grant of summary judgment” in favor of the non-moving party.

Facts/Background: Ericsson sued TCL for infringement of the ‘510 patent which claims a method and system for limiting and controlling access to a platform for a mobile terminal for a wireless telecommunications system. TCL moved for summary judgment that the claims were patent ineligible under § 101. The district court denied the motion, finding that the claims were not directed to an abstract idea under step one of *Alice*. The case proceeded to trial and the jury found the claims infringed and further found that TCL’s infringement was willful. TCL moved for renewed judgment as a matter of law and a new trial on damages and willfulness, among other issues. However, TCL did not raise the issue of ineligibility under § 101 in a motion for judgment as a matter of law under Federal Rule of Civil Procedure 50. The district court denied TCL’s motion for a new trial and denied TCL’s motion for judgment as a matter of law on willfulness. TCL appealed the district court’s decision denying summary judgment that the patent claims were ineligible under § 101.

Holding: Reversed and vacated-in-part. Ericsson argued that TCL waived any right to appeal the issue of ineligibility under § 101 by failing to raise it in a motion for judgment as a matter of law under Fed. R. Civ. P. 50. The Federal Circuit found the TCL had not waived any right to appeal the issue of ineligibility under § 101 for two reasons. First, the Federal Circuit determined that the district court had effectively granted summary judgment in favor of the non-moving party by deciding the issue without concluding that issues of fact precluded judgment because once the district court found that the patent was not directed to an abstract idea under step one, there was no set of facts that could have been raised at trial to change the conclusion. Here, the Federal Circuit noted that the district court’s decision was based on analysis of claim language and comparison to existing case law, and was not dependent on any factual issues that were or could have been raised at trial. Second, the Federal Circuit has discretion to hear issues that have been waived. Here, the Federal Circuit noted that the issue of patent eligibility was fully briefed, argued and decided at the district court level with finality and then fully briefed and argued again before the Federal Circuit. Turning to § 101, under step one of *Alice*, the Federal Circuit ruled the claims were directed to the abstract idea of “controlling access to resources” and were not limited to “mobile platform technology” as was argued by Ericsson. Turning to step two of *Alice*, the Federal Circuit concluded the claims lacked an inventive concept. Specifically, the Federal Circuit rejected Ericsson’s arguments that the “layered architecture of the invention provided the necessary inventive concept.” The Federal Circuit noted that the claims failed to recite “any particular architecture at all – much less the specific three layered architecture advocated by Ericsson.” Accordingly, the asserted claims were held invalid and the district court’s damages award was vacated.

The dissent argued that the patent eligibility issue was not preserved and was not raised for decision or mentioned in the district court’s final judgment and as a result was not available for appeal. The dissent also argued that the majority erred in holding that the patent claims were ineligible under § 101.

Spigen Korea Co., Ltd. v. Ultraproof, Inc., Nos. 2019-1435, 2019-1717 (April 17, 2020) (precedential) (2-1); Design Patent Nos. D771,607, D775,620, and D776,648

Key point(s):

- Summary judgment of obviousness is not proper where there is a genuine dispute that a primary reference might not be “basically the same” as an asserted design patent.

Facts/Background: Spigen filed a lawsuit against Ultraproof, alleging infringement of three design patents which each claim a case for a cellular phone. Ultraproof filed a motion for summary judgment of invalidity of the Spigen design patents, arguing that the design patents were obvious in view of a primary reference, U.S. Design Patent No. D729,218 (the ‘218 patent) and a secondary reference, U.S. Design Patent No. D772,209 (the ‘209 patent). Spigen opposed the motion, arguing that the Spigen design patents were not rendered obvious by the references and in the alternative Spigen argued that various underlying factual disputes precluded summary judgment. The district court held the Spigen design patents obvious over the references and granted summary judgment of invalidity. Ultraproof moved for attorney’s fees under 35 U.S.C. § 285. The district court denied the motion. Spigen appealed the obviousness determination and Ultraproof cross-appealed the denial of Attorney’s fees.

Holding: Reversed and remanded. The Federal Circuit reversed, finding that there was a material factual dispute over whether the primary reference was a proper primary reference. The Federal Circuit noted that under an obviousness analysis for design patents, a “primary reference” is “a single reference that creates ‘basically the same’ visual impression” as the claimed design and to be “basically the same” the designs at issue cannot have “substantial differences” in their overall visual appearances. The Federal Circuit stated that the district court found that despite slight differences, the ‘218 patent was “basically the same” as the Spigen design patents and therefore a proper primary reference. In reversing the district court, the Federal Circuit held that this determination was error because Spigen presented evidence including expert testimony that the Spigen Design Patents and the ‘218 patent were not at all similar let alone “basically the same.” In addition, Spigen argued that since Ultraproof had proposed so many modifications to the ‘218 patent to make it look like the Spigen design patents, the ‘218 patent no longer qualified as a primary reference. In contrast, Ultraproof argued that the ‘218 patent was “basically the same as the claimed designs” based on several common features. Based on this competing evidence, the Federal Circuit concluded that a genuine dispute of material fact existed as to whether the ‘218 patent was “basically the same” as Spigen’s design patents since a reasonable fact finder could have concluded that the ‘218 patent and the Spigen design patents did not create “basically the same” visual impression, which is the standard for a primary reference determination in design patent cases. In addition, the Federal Circuit also rejected Ultraproof’s argument that many of the differences between the ‘218 patent and the Spigen design patents were “largely differences of degree, not characteristic” and as a result, not relevant to the “basically the same” inquiry. The Federal Circuit held that the district court improperly resolved a genuine dispute of material fact at summary judgment and reversed and remanded. Because of the remand for further proceedings, Ultraproof was no longer the “prevailing party” and the Federal Circuit dismissed Ultraproof’s cross-appeal of the district court’s denial of attorney’s fees as moot.

CardioNet, LLC v. InfoBionic, Inc., No. 2019-1149 (April 17, 2020) (precedential) (2-1); U.S. Patent No. 7,941,207**Key point(s):**

- Advantages provided in a patent's written description may be used to show that a claimed invention is drawn to a technological improvement and not to an abstract idea under *Alice* step one.

Facts/Background: CardioNet filed suit against InfoBionic for alleged infringement of U.S. Patent No. 7,941,207 (the '207 patent), directed to cardiac monitoring systems and techniques for detecting and distinguishing between atrial fibrillation (AF) and atrial flutter from other various forms of cardiac arrhythmia. The asserted claims at issue are drawn to a device for detecting and reporting the presence of AF or atrial flutter in a patient, where the device detects beat-to-beat timing of cardiac activity, detects premature ventricular beats, and determines the relevance of the beat-to-beat timing to AF or atrial flutter, taking into account the variability in the beat-to-beat timing caused by premature ventricular beats. InfoBionic filed a motion to dismiss for failure to state a claim pursuant to Federal Rules of Civil Procedure 12(b)(6), arguing that the asserted claims are directed to patent-ineligible subject matter under 35 U.S.C. § 101. The district court held that the asserted claims are ineligible under § 101, and therefore, the complaint failed to state a claim under Rule 12(b)(6). CardioNet appealed the dismissal.

Holding: Reversed and remanded. The Federal Circuit determined it should review the dismissal *de novo* under First Circuit law, accepting as true all well-pleaded facts alleged in the complaint and drawing all reasonable inferences in favor of CardioNet (the non-moving party). The Federal Circuit then applied the two-step test under the *Alice* framework, looking to whether the asserted claims “focus on a specific means or method that improves the relevant technology or are instead directed to a result or effect that itself is the abstract idea and merely invoke generic processes and machinery.” *McRO, Inc. v. Bandai Namco Games Am. Inc.*, 837 F.3d 1299, 1314 (Fed. Cir. 2016) (citations omitted). The Federal Circuit determined that when read as a whole, and in light of the written description, the asserted claims of the '207 patent are directed to an improved cardiac monitoring device and not to an abstract idea. Specifically, the Federal Circuit reasoned that the written description provides several technical advantages of the claimed invention, including more accurate detection of the occurrence of AF and atrial flutter, as distinct from ventricular tachycardia and other arrhythmias, allowing for more reliable and immediate treatment of such conditions. Therefore, the Federal Circuit concluded under *Alice* step one that the asserted claims of the '207 patent are directed to a technological improvement and held that these claims are directed to patent-eligible subject matter.

The Federal Circuit also considered InfoBionic's argument that the claims are directed to automating basic diagnostic processes that doctors have long used. The Federal Circuit found nothing in the record, including in the written description of the '207 patent, to suggest that doctors were previously employing the techniques performed by the claimed device and stated that the district court erred by disregarding the written description's recitation of the advantages.